

# CANADA AT WAR



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# C A N A D A   A T   W A R



## THE FOURTH VICTORY LOAN

ON April 26 Canada will launch the Fourth Victory Loan drive for at least \$1,100,000,000.

This, the Fourth Victory Loan and sixth public loan of the war, will require the greatest effort of the National War Finance Committee and its thousands of workers throughout the country and the widest participation of every investor, large and small. Raising the money will be affected to some extent by the unprecedented size of the loan and by the heavier deductions of income tax payments which commence in April, but with the great increase in incomes as a result of war conditions the actual bond buying ability of Canadians is greater than ever before.

In announcing the loan objec-

tive, Finance Minister Ilsley defined its purpose as:

- 1) To help meet the greatly increased cost of war.
- 2) To divert increasing spending power in the hands of Canadians into savings to avoid inflation.
- 3) To place government obligations in the hands of as many Canadians as possible to give them a proprietary interest in the nation.

### ***Record Deficits***

Proceeds of the loan will be used to meet in part the steadily increasing deficits incurred by the Dominion government on war and aid to the United Nations. The size of this unprecedented deficit in the year which will end March 31, 1944, is indi-

cated in the following tabulation of budget estimates of war and

ordinary expenditures and revenue.

War expenditures.....		\$4,890,000,000
Ordinary expenditures.....		610,000,000
Total expenditures.....		\$5,500,000,000
Total revenue (incl. compulsory savings).....		2,752,000,000
Over-all deficit.....		2,748,000,000

The deficit must be covered by borrowing, and the amount involved is more than five times the Dominion government's total expenditures in an average pre-war year.

The growth of government outlay, taxation and borrowing needs during the war years is shown in the following tabulation:

	Fiscal Year Ending March 31					
	1939	1940	1941	1942	1943(a)	1944(b)
Cash outlay.....	574	804	1,680	3,027	4,526	5,500
Taxation and other revenue..	499	534	857	1,469	2,261	2,752
Borrowing needs..	75	270	823	1,558	2,265	2,748

(a) estimated. (b) budget forecast.

### *Aimed at "Small" Investor*

The steady increase in borrowing requirements is evident from this table. Although the Fourth Victory Loan has the greatest objective of any loan to date, it will cover only about 40% of the borrowing requirements for the current year.

In past Victory Loans the participation of every Canadian in every income bracket has been one of the National War Finance Committee's chief aims.

In the Fourth Victory Loan fresh and intense emphasis will be placed on this aspect of the campaign. In order to present clearly the job facing Canadians as individuals a minimum objective of \$500,000,000 has been set for this class of investor. The balance of the Loan objective, namely, \$600,000,000, will be the target for insurance companies, corporations and all kinds of non-banking firms. A real effort will be made to ob-

# CANADA'S WAR EFFORT - SPENDING.. TAXATION.. and BORROWING NEEDS

DOLLAR FIGURES IN MILLIONS — YEAR ENDING MARCH 31st

ITEM	1939	1940	1941	1942	1943*	1944**
<b>OUTLAY</b>						
FOR WAR NEEDS	\$34	\$235	\$1,186	\$2,476	\$3,867	\$4,890
FOR NON-WAR NEEDS						
	\$540	\$569	\$494	\$551	\$659	\$610
<b>TOTAL OUTLAY</b>	\$574	\$804	\$1,680	\$3,027	\$4,526	\$5,500
<i>Less:</i>						
<b>TAXATION RECEIPTS</b>						
	\$499	\$534	\$857	\$1,469	\$2,261***	\$2,752***
<b>Leaves</b>						
<b>BORROWING NEEDS of:</b>						
	\$75	\$270	\$823	\$1,558	\$2,265	\$2,748

\* ESTIMATED \*\* BUDGET FORECAST \*\*\* INCLUDES COMPULSORY SAVINGS OF INDIVIDUALS AND CORPORATIONS

tain subscriptions from 3,000,000 Canadians as compared with 2,041,610 subscriptions in the Third Victory Loan, the most

widely distributed loan up to that time. Subscriptions in the five war loans follow:

Date of Issue	New Money	Conversion	Total	Number
				of Subscribers
January, 1940.....	200	50	250	178,363
September, 1940..	300	25	325	150,890
June, 1941.....	731	106	837	968,259
February, 1942....	843	154	997	1,681,267
October, 1942.....	992	...	992	2,041,610

### **Bank Borrowings**

Canada, through the National War Finance Committee, conducts a continuous program to borrow public savings through the sale of war savings certificates and war savings stamps supplemented by periodic large scale Victory Loan operations. Present plans are based on two loans a year. To the end of February, 1943, 27,500,000 applications had been received for war savings certificates with a purchase value of \$204,500,000. Sales of stamps to the same date amounted to \$31,000,000, of which \$25,000,000 have been used to buy certificates, leaving about \$6,000,000 in the hands of the public.

Canadian official policy is to raise as much as possible of its borrowing needs from the public and as little as possible from banking institutions. In the

recent budget speech the Finance Minister emphasized the necessity for continuing with this policy as rigidly as possible in the following words:

"The plain fact is that this year (1942-43) we had to depend too much on bank borrowing. I was able to say last year that 'aside from the increase in treasury bills, there was no new direct borrowing from the Bank of Canada or the chartered banks during the year.' During the current fiscal year, we shall have borrowed direct from the Bank of Canada and the chartered banks a net amount of \$983,000,000. That is not all dangerous borrowing, for the public has desired to hold considerable savings in cash. But most of it is borrowing which I would rather not have done. If the government borrows

from individuals, the government spends the money and the individual does not. If the government borrows from the banks the government spends the money, but the spending of others is not reduced. We borrowed from the banks because we were unable to borrow as much as we needed from personal savings."

### ***Reasons for Buying***

That is why Canadians are being asked to buy more Victory Bonds in the Fourth Victory Loan and retain them at least until the war is over. The latter request applies equally to war savings certificates.

More simply, this is the reason why Canadians are being asked to participate to an even greater extent in Victory Loan purchases:

This year Canada is using about one-half of its total production for war, which means that Canadians have decided to give up one-half of everything produced for war purposes. As total income equals total production, it means that on an average each Canadian should spend only one-half his total income. This reduction in spending will enable the use of half of

total production for the war and will help to distribute the supplies left for civilian consumption in a fair way. To achieve these objectives the government is using two different types of instruments: First, taxation and borrowing, and secondly, direct controls over production and consumption, such as rationing, priorities and the price ceiling. None of these instruments can do the job alone, but all are essential and interdependent. Every dollar that Canadians do not spend on available limited supplies allows a dollar to be spent for war materials. It is an unspent dollar that does not compete for the steadily diminishing supply of available goods, and to that extent takes pressure off the price ceiling and helps distribute supplies fairly. It helps keep down the cost of living and makes certain that goods go to those who need them most. This means that tax dollars and savings dollars put money in the hands of the government to pay war expenses, and do other important jobs.

Taxation takes part of the income individuals might spend. The balance of the reduction must be made in other ways. Borrowing of savings is the best

way; but, to the extent that taxation and borrowing do not produce the desired results, the nation must get the things it needs for war and fight inflation on the home front by rationing and other forms of direct control over what the nation can produce and consume.

As the strength of these controls is limited, it is vital to do as much as possible of the job by taxation and borrowing of public savings.

### ***War Finance Committee***

Supervising the nation's periodic campaigns for Victory Loans and the continuing campaigns for war savings certificates and stamps is the National War Finance Committee. This organization, under the chairmanship of George W. Spinney, was formed in January, 1942, consolidating two separate organizations, the War Savings Committee, in operation continuously since May, 1940, and the Victory Loan Committee, a temporary organization established to conduct the First Victory Loan Campaign in June, 1941. The National War Finance Committee handles all promotion of sales of securities to the

public. It has a permanent paid staff of about 275 persons, operating in conjunction with three main bodies of workers:

- 1) The voluntary workers attached to local units in each province.
- 2) Salesmen on commission and other temporary paid workers employed by the Committee during Victory Loan drives.
- 3) Investment dealers and brokers and persons from the regular staff employed by dealers and brokers.

The Committee has as its functions the following specific tasks:

- 1) To expand the program of increasing the public understanding of the critical need for greatly increased savings.
- 2) To multiply the sale of war savings certificate and stamps.
- 3) To organize and carry out Victory Loans.
- 4) To promote by every means the retention by purchasers to the end of the war of the Bonds and Certificates which they buy.

At the time of the Third Victory Loan, in October-November, 1942, temporary paid staff, including salesmen on commission, numbered about 15,500,

and voluntary workers, many additional thousands. For organizational purposes, Canada is divided into local unit areas, each of which is under a local voluntary War Finance Committee. These local unit committees in each province are

under the control and direction of the National War Finance Committee for that province. The operations of the provincial organizations are co-ordinated by the central committee for the Dominion which has its headquarters in Ottawa.



## POST-WAR PLANNING



ON March 16 Pensions Minister Mackenzie tabled at the first meeting of the Select House of Commons Committee on Social Security a report on social security for Canada prepared by Dr. Leonard C. Marsh, research adviser to the Dominion's Committee on Reconstruction.

The report sets out:

(a) The main features of relevant social legislation already existing in this country.

(b) The methods by which these provisions may be improved or reformed, "particularly by transformation of the coverage and technique to a contributory social insurance basis".

(c) "The principles which should be considered if the con-

struction of a comprehensive social security system is to be undertaken in the most fruitful and effective manner."

It is emphasized that the report is not a compendium of draft measures, but that public discussion is necessary before the "blueprints" finally are drawn up. The report will be discussed by the House committee, which is expected to make recommendations.

Whether the whole program of social security should be brought into operation at one time or in some ordered sequence is left to be decided by the pattern of the events of the war's termination and of other items of post-war policy, as well as by public opinion. The benefit rates sug-

gested also are put forward as subject to further discussion.

On the constitutional issue the report emphasizes that proper integration and administration of a comprehensive scheme will not be possible unless the federal and provincial governments work out a clear understanding on their respective responsibilities.

Another fundamental point emphasized is that social security legislation, like other elements in post-war policy, depends on the size and the maintenance of the national income. As the report suggests at one point, social security expenditures may be one of the "strategic factors" in post-war economic policy:

"One of the necessities for economic stability is the maintenance of the flow of purchasing-power at the time when munitions and other factories are closing down and war activity in many other spheres is being liquidated. Sound social insurance, which is a form of investment in physical health, morale, educational opportunities for children, family stability, is both a desirable and a comparatively easy vehicle of expenditure. It is not only

an eminently appropriate peacetime alternative for expenditures now being devoted to destruction: It is also a form of using some of the deferred backlog of consumer expenditure to which reference is so often made only in terms of radios, refrigerators and other tangible consumers' goods."

Following are summarized the elements of the comprehensive scheme suggested as suitable for Canada:

#### I. UNIVERSAL RISKS

Benefits payable principally at standard rate rather than dependent on past income or wages or actual amount of premium or contribution.

##### A. *All Insurable Population:*

1. MEDICAL CARE (services, contributory, with Dominion-provincial co-operation in administration of the contributions, provincial administration of the services and appropriate techniques for provincial co-ordination)—subsidy, according to capacity to pay, at contribution end; neither limited nor graduated benefit, but distribution according to need for medical services made available.

2. CHILD MAINTENANCE (al-

lowances, tax revenue, Dominion administration)—rates not settled, but it is suggested they vary according to age of child, averaging about \$7.50 a month. An even lower figure would be acceptable if necessary to ensure the inauguration of the important principle of children's allowances paid on a universal basis.

3. FUNERAL BENEFITS (contributory, related to one or several of the other insurances for administration purposes)—adults, \$100; juveniles, \$65; children, \$25. Rates for contributors—7 to 10 cents a week.

B. *All Gainfully Occupied (and adult dependents):*

1. PERMANENT DISABILITY (pensions, contributory, Dominion administration)—\$30 monthly for breadwinner, \$15 for his wife, the two persons together to get a minimum income of \$45.

2. WIDOWS, ORPHANS (pensions, contributory, Dominion administration)—for widows, \$40 monthly for the first year only of widowhood, then \$30 monthly; \$15 monthly to orphaned children of insured persons where there is no surviving parent (in addition to children's allowances).

(Suggested modifications for

present non-contributory mothers' allowances if widows' pensions not established at early date: In coverage—(a) extension to the provinces where they do not exist; (b) ironing out of the inequalities in eligibility among the provinces; (c) eliminating nuisance restrictions on eligibility; (d) establishing greater uniformity among provinces as to variety of categories eligible. In revision of rates—raising the allowance levels to a point that in all provinces will approach the minimum subsistence level.)

3. OLD-AGE RETIREMENT (pensions, contributory with tax revenue for transitional deficits, Dominion administration)—\$30 monthly for bread-winner, \$15 for his wife; somewhat higher rates if claim deferred beyond minimum pensionable age—65 for men, 60 for women, but with wife's pension becoming available, on husband reaching 65, no matter what her age.

(In the meantime it is recommended that the present non-contributory old age pension machinery be reformed by: (1) Removing unjustifiable restrictions as to eligibility; (2) setting a higher maximum than the present \$20 monthly, with revision of income allowances; (3) reduc-

ing the age limit to 65 for men and 60 for women; (4) admitting to the benefits persons below the age level who are permanently unemployable).

## II. EMPLOYMENT RISKS — Benefits largely related to prevailing wage scales.

### A. *All Normal Gainfully Employed:*

1. NATIONAL INVESTMENT PROGRAM (tax revenue, Dominion direction, co-ordinated joint program) — a multiple-project program on a flexible basis to assist process of economic recovery and provide employment in the immediate transition period; probably requiring at least \$1,000,000,000 program in first post-war year if national income to be maintained at high levels.

2. TRAINING AND GUIDANCE FACILITIES (tax revenue, Dominion and federal-provincial schemes)—whether they should carry a maintenance grant for some or all classes of recipients or merely be free training, not decided.

3. UNEMPLOYMENT ASSISTANCE PROJECTS (tax revenue, Dominion and provincial schemes)—no limit placed on the duration for which unconditional

or unemployment assistance should be payable, but suggested that this grant should be lower, possibly 10% less, than the benefit categories to which formerly insured persons belonged and to be as closely linked to training programs as possible; if special "assistance projects" are instituted, wages to be at a maintenance level and possibly varying according to regional conditions.

### B. *All Employees:*

1. UNEMPLOYMENT INSURANCE (benefits, contributory, Dominion administration) — increase two-person rate for claimant with adult dependent to average of nearer 33% (from present 15%) greater than single-unit benefit, the upper categories to measure up to the assistance minimum standard, which is \$30 monthly for the breadwinner, \$15 for his wife and \$45 for the two; graduate the increases so the percentage improvement is greatest for the lowest scales.

2. SICKNESS BENEFITS (cash, contributory, Dominion administration, related to unemployment insurance)—closely assimilated to unemployment benefit scales (approximately half normal wages).

3. MATERNITY BENEFITS (contributory, Dominion administration, related to unemployment insurance)—suggested for women in wage earning employment only; rates closely assimilated to unemployment benefit scales, subject to possibility of minimum rate being established for this class of benefit as a special measure.

4. INDUSTRIAL DISABILITY, FATAL ACCIDENTS, ETC. (contributory by employers, provincial administration through workmen's compensation boards)—substantially unchanged, although extended and more standardized as between provinces.

#### ***Financial Considerations:***

Government sponsored program of peacetime investment and development—probably \$1,000,000,000 for the first post-war year.

Tentative estimate of cost of principal social security items (other than employment program): About \$900,000,000 a

year. Not all of this would be new expenditure. About \$400,000,000 is anticipated from insured contributors and from employers, and about \$500,000,000 would be required from tax sources. Some part of this would replace existing expenditures on public assistance, medical care paid for privately, etc. It is the experience of countries with comprehensive schemes or proposing them that 10 to 12% of the national income can be devoted to social security disbursements. Whether this would apply to the early post-war years would depend directly on the rate at which social security measures were enacted.

Approximate and average calculations of rates:

Farmers, rural groups—75 to 90 cents a week.

Employees of various wage levels—75 cents to \$1.85 a week.

Employers—average about 90 cents a week per employee.



# HEALTH BLUEPRINT



WITH respect to the three main fields of social security legislation,

- (1) Insurance against the fear of unemployment
- (2) Insurance against the fear of an impoverished old age
- (3) Insurance against the fear of the heavy economic burden of sickness and ill health,

Canada has so far legislated only with respect to the first two. The proposed draft Health Insurance Bill, drawn up by the Advisory Committee on Health Insurance and presented by the Minister of Pensions and National Health to the Parliamentary Committee on Social Security, will meet a long felt need in Canada both from the standpoint of the provision of medical care and the prevention of disease.

Because the Advisory Committee considers health insurance must go hand in hand with a broad program of preventive health measures, it recommended that the Dominion Government assist the provinces both with respect to health insurance

and a public health program, but not with regard to either one of these projects unless both are put into effect.

## ***Pay on Earning Power***

The draft Health Insurance Bill is constructed on compulsory and contributory principles. All adults whose wages, earnings or incomes come within a certain formula of adequacy will be required to pay their own contributions. That is, each individual will be asked to contribute only according to his ability to do so. The employer will take up the slack for the employee and the governments for all others. The husband, if he can afford it as measured by the standard laid down, will pay for his wife, but the cost of children will be distributed over the whole contributing population.

The benefits will consist of complete medical and nursing services, hospitalization on a general ward basis, medicines within an approved list of standard remedies, and dental care, at least to the extent that exist-

ing dental facilities are capable of providing.

### **Provincial Program**

The general public health program which the provinces must agree to undertake in order to qualify for Dominion financial aid, covers 24 subjects:

Standard preventive measures for the prevention and treatment of communicable disease.

Provision of expert advisory services.

Adoption of a program of public health education through local voluntary agencies.

A mental hygiene program.

Establishment of control services with respect to communicable diseases.

Sanitary supervision of premises.

Establishment of nutritional services.

Maintenance of public health laboratories.

Establishment of sanitary engineering services.

Collection and dissemination of vital statistics.

Supervision of hospitals and sanatoria.

Provision of dental inspection for children.

Adoption of child and maternal hygiene services.

Supervision of sanitation and health environment in industry.

Quarantine inspection to prevent the introduction of communicable diseases into the province.

Provision of public health nursing services.

Adoption of health regulations with regard to housing.

An adequate venereal disease program.

A program for the prevention, detection and treatment of tuberculosis.

Cancer clinics.

Preventive and diagnostic services for the early detection of heart diseases in children.

Medical inspection in schools.

Investigations of epidemics.

Research services.

### **Preventive Measures**

In addition to the main health insurance grant and the public health grant for the provision of general health services, six preventive measures are recommended for which it is proposed the Dominion Government would make direct grants to the provinces:

1. Provision of free treatment for all persons suffering from tuberculosis, including the construction of additional buildings and bed accommodation.
2. Provision of free treatment for persons suffering from mental illness and the care of mental defectives, including buildings and accommodation.
3. Provision of preventive and free treatment for persons suffering from venereal diseases.
4. Provision of training facilities in public health work for physicians, engineers, nurses and sanitary inspectors.
5. Undertaking of special investigations concerning public

lic health or public health measures.

6. Establishing and undertaking of a program of physical fitness development for youth.

#### **Distribution of Costs**

The estimated total cost of the health insurance scheme, based on the population of 1938, the last complete, non-war year, would be approximately \$256,186,000. A true estimate of cost cannot be made until the provinces have studied the problem and have determined the number of persons who will be included. The distribution of the costs is as follows, based on the average contribution of each adult as \$26 a year (50c a week):

Contributors	Amount	Per Cent
Employees.....	\$63,542,000	24.8
Employers.....	24,172,000	9.4
Assessed contributors..	37,036,000	14.5
		48.7
Public Treasury (including \$23,290,000 for administration)	131,436,000	51.3
<b>TOTAL.....</b>	<b>\$256,186,000</b>	<b>100.0</b>

The grand total of public health grants to the provinces by the Dominion Government for health services over and above the federal assistance to the health insurance program itself would be \$6,527,167.

#### **National Fitness**

As Health Insurance as laid down in the draft Bill will require legislation by both the Dominion and provincial parliaments, and probably will take about two years to be brought

into operation, a National Fitness Bill has been drafted, with the recommendation that a physical fitness program be organized immediately. Its object is to promote the physical fitness of the people of Canada through the extension of physical education in schools, universities and

other institutions, including industrial establishments. The bill provides for a national council of physical fitness, consisting of a full-time director and nine members, one representing each province, and a national fitness fund of \$250,000.

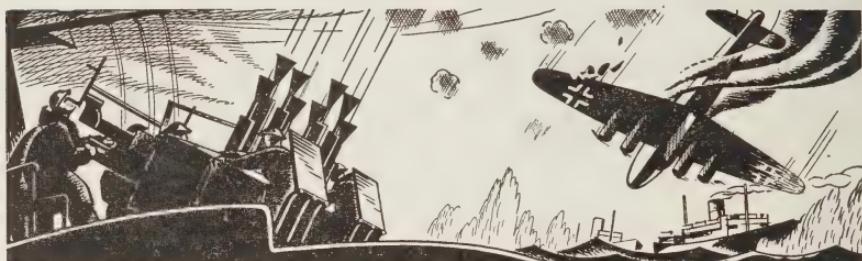


**Citation on Commendation of Pte. Daniel Cumming,  
Verdun, Quebec.**

"On 29th September, 1942, a boys' school was bombed and destroyed by enemy aircraft. Drivers were urgently needed for ambulances to take casualties to hospital. No. D.105511, Pte. Cumming, D., was involved in a motor accident immediately before the raid and saw the German raider drop its bombs. Although suffering from a fractured hand and leg, Pte. Cumming returned to drive an ambulance and did so, taking the ambulance on two or more trips from the school to the hospital. When the injured had all been taken to hospital he was given permission to leave and was himself taken to Casualty Clearing Station by ambulance. For his fortitude, resolution and devotion to duty Pte. Cumming is commended."

# FACTS AND FIGURES

*A Record of Canadian Achievement in War*



## NAVY

Present strength.....	More than	55,000
Pre-war strength.....	"	"
		1,700

THE ROYAL CANADIAN NAVY is in the thick of the battle of the Mediterranean. During the month of March Canadians have received word of two R.C.N. actions in that area. In the first of these to be announced, H.M.C.S. *Weyburn*, a corvette, was sunk by enemy action in the Mediterranean. Seven lives were lost and 63 of the *Weyburn*'s crew were rescued. This was the sixth Canadian corvette lost since the beginning of the war, the second in the Mediterranean.

On a clear Mediterranean

night H.M.C.S. corvette *Regina* on convoy duty, encountered an Italian submarine. The sub was forced to the surface with depth charges and finished off by the corvette's Oerlikon guns. Twenty prisoners were taken. This was the third submarine sunk by the R.C.N. in the Mediterranean.

The Canadian Navy has four different parts to play in the sea warfare of the United Nations:

- 1) Protection of Merchant Shipping
- 2) Protection of Canadian shores

3) Destruction or capture of enemy Merchant and Fighting ships

4) Blockade

The Royal Canadian Navy operates more than 500 vessels of the following types: destroyers, corvettes, auxiliary cruisers, minesweepers, patrol vessels and small craft fitted for the many duties of modern sea warfare.

Although primarily a navy of small ships designed for convoy protection, the R.C.N. is building up a destroyer fleet which will be no small contribution to the offensive power of the United Nations. A flotilla of eight Tribal class destroyers is being built for the Royal Canadian Navy—two of them in Canada. Already two ships of this class, the *Athabaskan* and the *Iroquois*, have been commissioned and are in service, manned by Canadian seamen.

Tribal class destroyers are among the best and fastest afloat. They are heavily armed, carrying as part of their armament eight 4.7-inch guns—twice the number of guns on the destroyers with which Canada

entered the war. They carry a crew of 190.

The R.C.N. is constantly on guard in Canadian coastal waters. The monotonous but vital work of submarine patrol is carried on in the St. Lawrence River itself. The R.C.N. works closely with coastal reconnaissance squadrons of the R.C.A.F. in this vital task and every day minesweepers steam out from Canadian ports to go about their dangerous job.

Although U-boats lie in wait for Allied shipping in the St. Lawrence River and Gulf, the Minister of the Navy informed the House of Commons on March 17 that only three out of every 1,000 tons of shipping passing through that area have been lost by enemy action.

The West Coast of Canada, with its deep indentations and myriad small islands, presents a special problem for patrol. The mainland itself stretches 1,580 miles; the islands another 3,980 miles; a total of 5,560 miles to watch over. No orthodox naval force that Canada could put in the water could guard this great length of coastline. But Canada

found the answer to this problem ready at hand.

In the early months of 1939, a third reserve for the Navy was formed, drawn from men in the west coast fishing industry. These men know the waters as only fishermen could. Their boats, which they brought with them into the Reserve, were built to negotiate the inlets of the coast. These craft were quite large and sturdy, and were easily converted into patrol boats. But the Fishermen's Reserve was ready to do more than patrol work. Boats were fitted up for minesweeping, and when the war broke out this dangerous, but most essential job was undertaken by them on the west coast.

Casualties and losses of the R.C.N. to March 29 were as follows:

Killed on active service.....	781
Other deaths.....	102
Wounded or injured.....	159
Prisoners of war.....	6
Losses of ships.....	12

Operations of the Navy are secret. Occasionally, however,

secrecy is relaxed to reveal a successful action against Axis submarines. Some of the vessels which have registered successes against submarines are:

Destroyer	H.M.C.S. <i>Assiniboine</i>
Corvettes	H.M.C.S. <i>Chambly</i> and H.M.C.S. <i>Moose Jaw</i>
Corvette	H.M.C.S. <i>Oakville</i>
Destroyer	H.M.C.S. <i>Skeena</i> and
Corvette	H.M.C.S. <i>Wetaskiwin</i>
Destroyer	H.M.C.S. <i>St. Croix</i>
Corvette	H.M.C.S. <i>Ville de Quebec</i>
Corvette	H.M.C.S. <i>Port Arthur</i>
Corvette	H.M.C.S. <i>Regina</i>

Losses of the service in ships and where lost follow:

#### DESTROYERS:

*Fraser*, Bay of Biscay.  
*Margaree*, Mid-Atlantic.  
*Ottawa*, Mid-Atlantic.

#### MINESWEEPER.

*Bras D'Or*, Gulf of St. Lawrence.

#### PATROL VESSELS.

*Otter*, Coast of Nova Scotia.  
*Raccoon*, Western Atlantic.

#### CORVETTES.

*Windflower*, Western Atlantic.  
*Spikenard*, South of Newfoundland.  
*Charlottetown*, Gulf of St. Lawrence.  
*Levis*, Western Atlantic.  
*Louisburg*, Mediterranean.  
*Weyburn*, Mediterranean.

The following decorations were awarded to R.C.N. personnel to March 31, 1943:

Companion of the Order of the Bath.....	1
Distinguished Service Order.....	3
Order of the British Empire.....	11
Companion of the Order of the British Empire.....	1
Member of the Order of the British Empire.....	8
Distinguished Service Cross.....	33

Distinguished Service Cross and Bar.....	1
Distinguished Service Medal.....	21
British Empire Medal.....	9
Conspicuous Gallantry Medal.....	1
George Medal.....	1
George Medal and Bar.....	2
Medal of the Order of the British Empire.....	6
Cross of Valour (Polish).....	4
Norwegian War Medal.....	1
Albert Medal.....	1
Mentioned in despatches.....	151
Commendations.....	13
Testimonial.....	1
King's Dirk.....	1

In addition to the Women's Royal Canadian Naval Services, there are three personnel components of the Canadian Navy: the Royal Canadian Navy, the Royal Canadian Naval Reserve, and the Royal Canadian Naval Volunteer Reserve. The R.C.N. is the permanent core of the organization. The R.C.N.R. is composed of persons who have

followed the sea as a profession. The R.C.N.V.R. is made up of civilians who, in peacetime, were not employed in occupations connected with the sea, but who have been given training to serve afloat.

At March 29, 1943, the Navy was made up of the following:

	Officers	Ratings	Total
R.C.N.....	628	3,395	4,023
R.C.N.R.....	942	5,011	5,953
R.C.N.V.R.....	4,550	42,438	46,988
<b>TOTAL.....</b>	<b>6,120</b>	<b>50,844</b>	<b>56,964</b>
Less Divisional Strength (reserve, on call for active service).....	535	2,656	3,191
<b>TOTAL.....</b>	<b>5,585</b>	<b>48,188</b>	<b>53,773</b>
W.R.C.N.S.....	77	1,706	1,783
<b>TOTAL ACTIVE SERVICE.....</b>	<b>5,662</b>	<b>49,894</b>	<b>55,556</b>

Members of the R.C.N.V.R. enter the Navy for the duration through one of the 18 R.C.N.V.R. divisions at Calgary, Charlottetown, Edmonton, Hamil-

ton, Kingston, London, Montreal (2), Ottawa, Port Arthur, Quebec, Regina, St. John, Saskatoon, Toronto, Vancouver, Windsor and Winnipeg.

After receiving training at R.C.N.V.R. division seamen are sent to coastal centres for more advanced training. Special technical training is given at other centres. There are two training establishments and numerous technical training centres.

More than 1,440 officers and ratings of the R.C.N. are serving with the R.N. on the seven seas. They have been in every British naval engagement of the war.

### **Cadets**

From the Royal Canadian Sea Cadets come many of the men

*The operations of the Women's Royal Canadian Naval Services are described under "Women," page 30.*

now serving in the Navy.

In the fall of 1941 there were 27 Sea Cadet Corps in Canada with a total membership of 2,841. Today there are 50 corps throughout the Dominion, with a membership of over 7,500.

Sea Cadets are between the ages of 15 and 18. They are given physical training, instruction in chart reading, small arms, sailing, navigation, naval terms, and elementary naval subjects.

Since the start of the war, more than 4,000 former Sea Cadets have joined either the Navy or the Merchant Marine.

*The operations of the Women's Royal Canadian Naval Services are described under "Women," page 30.*



## **CANADIAN MERCHANT SEAMEN**

Certified to date in central registry, Ottawa.....	38,000
Serving on vessels of Canadian registry listed as missing and presumed dead.....	642
Known to be prisoners of war.....	117
Claims paid by Department of Transport for loss of effects by Canadian Merchant Seamen due to enemy action.....	770
Death pensions being paid to dependents of Canadian Merchant Seamen by Board of Pension Commissioners (March 31, 1943)	
Widows (with 148 children) .....	157
Parents (with 13 orphaned children) .....	158
	315
Disability pensions being paid to Canadian Merchant Seamen by the Board of Pension Commissioners.....	24
Persons benefiting by Merchant Seamen pensions (not including detention allowance for prisoners of war):	
Adults.....	326
Children.....	161
	487

Of the 642 merchant seamen serving on vessels of Canadian registry who are listed as killed or missing and presumed dead, 436 have next of kin living in Canada. Of these, 179 or 41% come from Quebec, 147 or 33.7% from Nova Scotia, 59 or 13.5% from Ontario, 18 or 4.1% from British Columbia, 15 or 3.5% from New Brunswick, and nine each or 2.1% from Prince Ed-

ward Island and the Prairie Provinces.

Of those giving their next of kin as living outside of Canada, 92 came from the British West Indies, 48 from the United Kingdom, 20 from Newfoundland, four from the United States, one from New Zealand, and the remainder from allied countries now occupied by the enemy.



## ARMY

Present active strength (including personnel called up under the National Resources Mobilization Act).....

More than 445,000

Pre-war strength..... " " 4,500

Reserve Army strength..... " " 100,000

THE CANADIAN ARMY OVERSEAS is "fit and ready for action," Lieutenant-General A. G. L. McNaughton, commander of the Canadian Army in Britain, announced at the conclusion of the

greatest battle exercises ever held in the United Kingdom.

For a full week the Canadian Army manoeuvred against a British defending army across 4,000 square miles of England.

Canadian armored forces, engineers, artillery and infantry took part in the mock campaign. Their endurance was stretched to the limit, but General McNaughton expressed himself well pleased with the way they stood up to the test.

Canadian soldiers have been in England for more than three years training for attack and preparing to meet invasion. Now they are ready and eager for a thrust at the enemy.

Keynote of the Canadian Army Overseas is mechanization. General McNaughton is a distinguished scientist, and his lieutenants are men who know the use of mobile striking power.

Organization of the two army corps which comprise the Canadian Army in Britain was completed in January of this year with the appointment of Lieutenant-General E. W. Sansom to command the armored corps. General Sansom commanded the first Canadian armored division to land in the United Kingdom. The spirit that animated the men in his command earned them the name of "Sansom's Roughriders."

A group of Canadian officers and non-commissioned officers arrived in North Africa about the beginning of the current year. While comparatively small the detachment included representatives of practically every type of unit—armored regiments, infantry, artillery, supply and communications services and some medical officers. These were the first members of the Canadian Army to join the Allies in this battle area. They were dispatched from the Canadian Army in Britain to gain battle experience with the British First Army in Tunisia. They will remain in the North African theatre of war for several months to learn all they can of battle conditions and then return to Britain to pass on the information to their units.

Canadian engineering units have built roads in Britain and have worked on the fortifications of Gibraltar. Canadian forestry units have set up lumber camps and mills in Scotland.

All Canadian Army training is closely co-ordinated with that of Britain and the United States. Training in Canada is integrated with training in Britain, and

there is an extensive two-way exchange of officers between the Canadian Army in Britain and the Canadian Army in Canada.

The Canadian Army has not participated in any prolonged campaigns during this war, but in the two major actions in which Canadian troops have taken part—Hong Kong and Dieppe—many feats of valour were recorded. Canada's first Victoria Cross in this war was won by Lt.-Col. C. C. Merritt at Dieppe. Among decorations which other Canadian soldiers have won are 13 Distinguished Service Orders, one George Cross, 19 Military Crosses, four George Medals, 13 Distinguished Conduct Medals, 50 Military Medals and 92 Mentions in Dispatches.

Canadians who have been barred from the Army because of some physical defect will have the opportunity of enlisting if the Army considers the defect can be cured. On March 23 National Defence Headquarters announced a plan whereby remediable defects such as hernia and varicose veins may be treated after enlistment. At the same time it was announced that vision and hearing standards

have been changed. Short sighted men may enlist for certain sedentary duties, and spectacles will be supplied by the Army.

Reserve units of the Army are formed into 11 brigade groups across the Dominion, equivalent to four divisions. Each brigade group is under the command of a full-time Active Army commander. Large numbers of reservists join the Active Army each month. Reserve units are given regular weekly training periods, as well as an annual training period in camp. They are equipped with some of the latest devices of modern warfare. The latest phase of training includes skiing and snowshoe manoeuvres.

The Veterans' Guard of Canada is composed of men who served with the armed forces of the Empire in the First Great War and are not more than 55 years of age. These men are members of the Active Army, liable to service anywhere, at home or abroad.

Canadian Army casualties from the beginning of the war to March 26, 1943, were as follows:

Fatal casualties, enemy action.....	965
Killed, died, or presumed to have died (other causes). .	819
Missing.....	375
Prisoners of War.....	3,567
Wounded, non-fatal, enemy action.....	796

## **Cadets**

More than 94,000 Canadian boys are training in the Royal Canadian Army Cadets.

Plans are being made for extensive training at summer camps. Cadets are taught citizenship, civilian protection, health education, physical train-

ing, map reading, basic military training, radio and elementary military subjects such as field-craft, campcraft, woodcraft and field engineering.

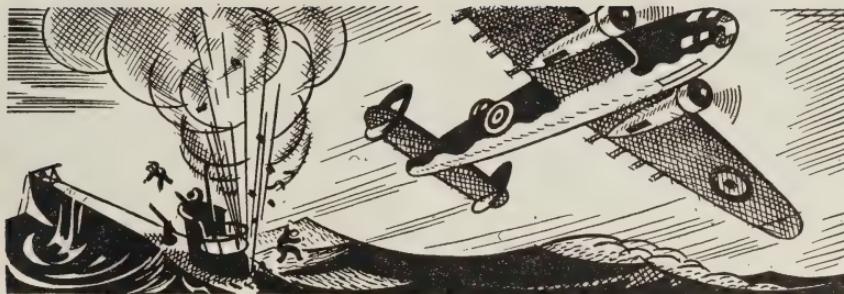
Senior Cadets must be 15 years of age at September 1 of the current school year. Juniors are admitted from 12 to 14.

*The operations of the Canadian Women's Army Corps are described under "Women," page 30.*



## **Citation on Award of British Empire Medal, Military Division, to Sgt. Arthur William Nichols, Vancouver.**

"One night in November, 1942, Sergeant Nichols and Sergeant Symes were engineer and pilot respectively of an aircraft engaged on anti-submarine patrol duties. On the return journey, engine trouble developed and Sergeant Symes was compelled to make an emergency landing. In so doing the aircraft struck a hut and burst into flames. All the crew, with the exception of the wireless operator, who was trapped by the legs, managed to extricate themselves. Knowing that the petrol tanks might explode any moment, Sergeant Symes and Nichols re-entered the blazing aircraft and succeeded in extricating the wireless operator. A few seconds later the petrol tanks exploded. The courage and devotion to duty displayed by these sergeants undoubtedly saved their comrade's life."



## AIR FORCE

Present strength.....	More than 200,000
Pre-war strength.....	" " 4,000

THE R.C.A.F. is in the vanguard of the battle against the U-boats on both sides of the Atlantic. Air Minister Power disclosed on March 10 that since the beginning of the year aircraft of the R.C.A.F. Coastal Reconnaissance squadrons have made four attacks on enemy submarines off Canada's east coast. This brings to 47 the number of attacks R.C.A.F. planes of Canada's home war establishment have made on submarines in the last 16 months.

On the other side of the Atlantic, R.C.A.F. bombers raided the bases of the U-boats—Lorient, Wilhelmshaven, St. Nazaire and hammered the railway centres through which supplies must pass to the U-boat nests. The

R.C.A.F. bomber group on March 14 joined with the R.A.F. in a mine-laying expedition in the Baltic.

The R.C.A.F. made repeated smashes at crucial Axis industrial and transportation centres during March—the key French railway points of Rennes and Rouen, the Krupp works at Essen, the naval base of Brest, and the important German industrial centre of Stuttgart in Wurtemberg. Incendiaries and block busters were dropped on Munich, the home of Naziism and a most important German transportation centre. R.C.A.F. medium bombers carried out intruder patrols over Holland, and heavy bombers struck at Nuremberg, almost 500 miles

inside occupied Europe. Canadian fighters escorted U.S. heavy bombers in daylight raids on Germany and participated in many low-level strafing attacks on Nazi communications in France.

There are about 30 R.C.A.F. Squadrons serving in the United Kingdom and elsewhere with the Royal Air Force. During 1943 this number of squadrons will be raised to 38.

A majority of R.C.A.F. members overseas is serving with R.A.F. squadrons. R.A.F. units in every part of the world include Canadian personnel.

With the exception of radio mechanics, nearly all R.C.A.F. ground crew serve with the R.C.A.F. There are more thousands of R.C.A.F. aircrew attached to R.A.F. squadrons than there are hundreds of Canadians in R.C.A.F. squadrons overseas.

R.C.A.F. overseas squadrons are maintained and equipped by Canada. Pay and allowance of R.C.A.F. personnel serving with the R.A.F. are provided by the R.C.A.F.

During March the largest

R.C.A.F. contingent since the start of the war arrived in England. There were thousands of Canadians, as well as members of the R.A.F. and Australians trained in Canada under the British Commonwealth Air Training Plan.

In January of this year a Canadian bomber group came into operation. Bomber stations which came under the new group were under R.A.F. command prior to January 1, 1943. The group is staffed by senior R.C.A.F. officers.

Formation of an Army Co-operation Wing, comprising three squadrons of Mustangs, was announced during February. Assigned to reconnaissance and protection duty for the Army, two of the squadrons in this wing took part in the battle of Dieppe. These R.C.A.F. squadrons have attained a reputation as "engine-busters", knocking out locomotives and other vital targets while flying low over French and German countrysides.

The R.C.A.F. had won the following decorations at March 25, 1943:

George Cross.....	1
George Medal.....	4
D.S.O.....	3
Bar to D.F.C.....	10
D.F.C.....	211
D.F.M.....	134
A.F.C.....	38
A.F.M.....	24
B.E.M.....	36
U.S.D.F.C.....	1
U.S. Army Air Medal.....	5
<b>TOTAL.....</b>	<b>467</b>

## The B.C.A.T.P.

YOUNG MEN from all the United Nations learn the art of air combat in the schools of the British Commonwealth Air Training Plan. Although the plan itself is essentially Canadian, an ever-growing proportion of all aircrew required to man the planes on the fighting fronts are trained in the B.C.A.T.P.

The British Commonwealth Air Training Plan is a joint enterprise of the Canadian, Australian, New Zealand and United Kingdom governments. It is administered by the R.C.A.F. and 60% of the graduates are Canadians.

Under the original agreement Canada paid more than \$600,000,000 of the total \$900,000,000. This original agreement

was intended to continue until March, 1943, but a new agreement was signed in June, 1942. It became effective July 1, 1942, and operates to March 31, 1945. Under the new agreement, the Plan is considerably enlarged. It will cost \$1,500,000,000, 50% of which will be paid by Canada. The United Kingdom will pay the remaining 50%, less deduction representing payments made by New Zealand and Australia for the cost of training aircrew.

President Roosevelt has described the British Commonwealth Air Training Plan as "one of the grand conceptions of the war, grand both in design and execution."

A staff of more than 83,000 is required to operate the B.C.A.T.P. Scattered among stations all across the Dominion, the buildings of the Plan are equivalent of about 110 good-sized towns and villages, complete with all facilities for working, living, medical care and entertainment.

Every single day in Canada men under training fly more than 2,000,000 miles. More than 10,000 airplanes are in use in the Plan.

### *Air Cadets*

The Air Cadets occupy an important place in Canada's air plans of the future. Only boys between the ages of 15 and 18 who can pass examinations similar to that set for aircrew duties in the R.C.A.F. are enrolled in the Air Cadets.

Equipment is provided by the R.C.A.F. Training is given that will be useful to the future airman: navigation, map reading, aircraft recognition, signalling, target shooting, first aid work and foot drill.

Arrangements are being completed for the boys to spend 10 days in summer camp at air stations throughout Canada. Here cadets will be able to observe the working of the R.C.A.F. at close range, receive technical instruction, and absorb the "service atmosphere."

More than 21,000 boys are enrolled in 262 Air Cadet Squadrants across Canada. Plans have been made to increase the strength of the Cadets to 35,000 within the next few months.

*The operations of the R.C.A.F. (Women's Division)  
are described in the following section.*

## **WOMEN**

Women over 15 years of age in Canada.....	Approximately	3,970,000
Engaged directly or indirectly in war industry.....	More than	238,000
In the Armed Services.....	" "	24,400
W.R.C.N.S.....	" "	1,790
C.W.A.C.....	" "	10,000
R.C.A.F. (W.D.).....	" "	10,600
Nursing Services.....	" "	2,130
Female doctors in the Armed Services.....		26

RECRUITING FOR BOTH INDUSTRY and the women's armed services is rising steadily. During the last six months to the end of

March about 85,000 women have been employed indirectly or directly in war industry, bringing the total to 238,000.

More than 10,000 women have enlisted in the armed services since October, 1942.

The Women's Royal Canadian Naval Service, the Canadian Women's Army Corps, and the Royal Canadian Air Force (Women's Division) have set 50,000 as their combined enlistment objective for 1943.

Organized in June, 1942, the W.R.C.N.S. attested 1,798 women and called up 1,288 of them by the end of March, 1943. Training for ratings is conducted at Galt and Preston, Ontario, and officers' training is given in Ottawa. The majority are now engaged in about 27 trades, replacing various categories of naval personnel in shore establishments at Ottawa, Esquimalt and Halifax. The W.R.C.N.S. hopes to enlist 5,000 by the end of 1943.

The R.C.A.F. (W.D.) has enlisted more than 10,600 since it was established in July, 1941. Steadily taking over more and more of the jobs that R.C.A.F. ground crew have been doing, the Women's Division graduated its first group of wireless operators (ground) (WOGS), on

March 1. Women are being enrolled for six-week courses at the recently formed No. 1 School of Aircraft Recognition at Rockcliffe to serve later as instructors for aircrew in the Combined Air Training Organization. This marks the first time members of the R.C.A.F. Women's Division will instruct under the Air Training Plan.

During March a group of R.C.A.F. Women's Division overseas was assigned to the new R.C.A.F. bomber group which was organized in Britain in January, 1943. They are serving as clerks, stenographers, transport drivers, cooks and mess women.

An enlistment quota of 20,000 has been set for the R.C.A.F. (W.D.) in 1943.

Established in September, 1941, the Canadian Women's Army Corps had enlisted more than 10,000 by the end of March, and hopes to enlist 25,000 by the end of 1943. The largest number of C.W.A.C.'s used in any single trade is in the category of clerks, including stenographers, typists, filing and accounting clerks. Approximately 37% are engaged in this type of work, in comparison with nine

per cent as cooks, seven per cent as transport drivers, and 17% as other tradesmen. Courses in draughting and stenography have recently been added to the C.W.A.C. training schedule.

There are more than 2,130 nurses wearing Canadian war uniforms. The Royal Canadian Army Medical Corps has enlisted more than 1,490. About 280 are serving with the South Africa Military Nursing Service. The Nursing Service of the R.C.A.F. has 232 nurses on duty, and the Royal Canadian Navy has about 131 nurses serving temporarily under the R.C.N. medical directorate.

There are 26 women doctors serving with the armed forces.

The Director General of the Canadian Army Medical Services announced during March that plans for the expansion of Voluntary Aid Detachments (VAD's) had been made. VAD's now may be employed up to 25% of the nursing sisters on the strength of a Home War Nursing Establishment, and may volunteer for three types of service: service anywhere, in Canada, or in their own locali-

ties. The age limit has been extended to include volunteers from 18 to 45 years of age. Certain allowances are provided to cover expenses, including uniforms and subsistence where VAD's live away from their own homes.

Labour Department officials are urging women who are free and able to lend assistance on farms. Labour Minister Mitchell commends the plan followed by the Ontario provincial government during the last three years in organizing groups of women in the Farm Service Force. Women's land armies may be formed in any province where this type of organization seems advantageous and is recommended by the provincial government, states Mr. Mitchell.

Day care of children of war-working mothers has been progressing in Ontario and Quebec under the Dominion-Provincial equal-cost agreement, and 15 day nurseries had been approved by the end of March. Nine are in operation—five in Toronto, and one each in Brantford, Oshawa, St. Catharines and Montreal. Others approved are in Montreal, Toronto, and Galt.

With the approval of the Ontario Provincial Advisory Committee for Day Care of Children, the Ontario Board of Education is planning public school units to provide meals and out-of-school-hour supervision for school-age children of war-working mothers. A unit has been operating successfully in Dufferin School in Toronto for about three months, and three other units were opened in March: at W. H. Ballard School in Hamilton, at Lakeview Beach, Ontario, and at Silverthorne Public School, Toronto.

## FIREFIGHTERS

DURING THE YEAR since the Corps of Canadian Firefighters was organized, March 16, 1942, 400 firefighters have been recruited to serve in the United Kingdom. The organization of the Corps marked the first time a firefighting unit was ever mobilized in one country to fight bomb fires in another. The first draft was posted overseas June 13, 1942.

Recruits are equipped and trained in Ottawa. The Corps represents 105 municipalities in Canada. Two-thirds of the strength is composed of trained

firemen, including fire chiefs, assistant fire chiefs and all degrees of lesser rank. Unskilled personnel is selected carefully from applicants whose qualifications indicate they are likely to become first class firefighters.

## A. R. P.

MORE THAN 220,000 PERSONS in Canada, including 45,000 women, belong to the Air Raid Precautions organization. There are 576 communities or groups of communities organized, about 40 of them formed during the last three or four months.

Canadian civilian defence is patterned after that of the United Kingdom, modified to meet Canadian conditions in various localities. With the office of the Director of Civil Air Raid Precautions in Ottawa, A.R.P. has established committees in each of the nine Canadian provinces.

Provincial A.R.P. committees have full jurisdiction over all local A.R.P. or civil defence organizations established under the federal plan. In all matters pertaining to air raid precautions the Dominion government deals

directly with them and not with individual municipalities or local A.R.P. organizations.

Federal aid in the form of financial assistance, equipment and supplies is extended to municipalities only through and upon the recommendation of the provincial committees. Compensatory provisions for injured registered members of authorized A.R.P. organizations operating under provincial committees, are administered by the Canadian Pension Commission.

Although there is necessarily some difference in A.R.P. regulations in the various provinces, depending on provincial conditions, national regulations have been set for transcontinental

transportation systems operating in blackouts.

Canadian air raid posts, actually casualty clearing centres, have been established in Canada for every 25,000 persons. Hospitals have made arrangements to handle large numbers of emergency patients in event of enemy attack, and stores of medical supplies, beds and medicines have been placed at strategic points throughout Canada.

Army, Navy and Air Force Chiefs of Staff have designated the coastal areas and certain areas in industrial regions of Ontario and Quebec as being of primary importance in matters of defence.





## MUNITIONS

Annual peak production rate to be reached in 1943.....	\$3,700,000,000
War production in 1942.....	2,600,000,000
“ “ “ 1941.....	1,200,000,000
Percentage increase.....	117%
Value of munitions and other war materials exported in First Great War...	\$1,002,672,413

CANADA IS THE FOURTH largest producer of war supplies among the United Nations. These supplies are being used on every battlefield. They have been allocated as follows:

30% Canadian forces at home and abroad.

50% United Kingdom or British combat area and to Russia.

20% The United States, China, Australia and the Pacific theatres of war.

In peace time the Canadian aircraft industry produced less

than 40 planes each year and employed about 1,000 persons. It now turns out several hundred planes each month and employs more than 93,000 workers. The industry provides the British Commonwealth Air Training Plan with all the planes required for its operation, as well as most of the service planes needed for the defence of Canada, and an impressive array of first line combat planes for both Great Britain and the United States. More than 7,000 planes have been built since the start of war, including service planes, which are numbered in four figures. During the next 18 months the industry will turn out about

**\$1,000,000,000 of planes for Canada and the United Nations.**

Production is concentrated on the following nine types:

FAIRCHILD CORNELL — single-engined elementary trainer.  
NORTH AMERICAN HARVARD — single-engined advance trainer.  
CANADIAN ANSON — twin-engined reconnaissance bomber and bombing and gunnery trainer.  
BRISTOL BOLINGBROKE — twin-engined reconnaissance bomber and bombing and gunnery trainer.  
CATALINA BPY-5 — twin-engined coastal reconnaissance amphibian.  
LANCASTER — four-engined long-range bomber.  
CURTISS "HELLDIVER" — single-engined navy dive-bomber.  
MOSQUITO — twin-engined bomber.  
NOORDUYN NORSEMAN — single-engined transport.

This program does not include the Hurricane fighter, the production of which will be discontinued shortly.

Canada's overhaul and repair program has itself developed into a major industry. With the expansion of the R.C.A.F. and the growth of the Air Training Plan, aircraft manufacture and overhaul are being carried out in some 30 plants of all types strategically located across the Dominion, by men and women numbered in the thousands.

Canada is now manufacturing

more than 1,500,000 shells every month together with great quantities of aerial bombs, trench mortar bombs, and anti-tank mines. Production of shells comprises 28 types of 15 different calibres. A great variety and quantity of shell components are also made. In production are 500-lb. aerial bombs, practice bombs, depth charges, anti-tank mines, grenades, pyrotechnics, etc.

Small arms ammunition now produced is of 22 types of nine calibres. This ammunition is made for every type of small arms being produced in the Dominion. Both go to more than 50 different destinations in every part of the world.

The energy and productive facilities engaged in the production of small arms ammunition may be gauged from the fact that one of these calibres alone—the .303—takes more than 50 separate operations to complete.

Before the war 500 persons were employed making small arms ammunition in one plant. There are now 30,000 workers in two government arsenals and plants being operated for the government by private industry.

Nearly 450,000 automotive vehicles have been produced in Canada since the outbreak of war, 215,000 of which were made in 1942. One of these units consumes approximately twice the material and labour used on an ordinary commercial vehicle, so that 1942 output is practically equivalent to 430,000 commercial trucks, against an average of less than 40,000 a year for the 10 years prior to the war.

More than 30,000 persons are employed manufacturing more than 100 types of military vehicles. One Canadian plant, the largest of its kind in the world, turns out enough universal carriers in one day to equip a battalion, and enough to equip an infantry division in 14 days.

Less than 10% of Canadian automotive vehicle production is allotted to Canadian forces at home and abroad. The remaining 90% is sent to other United Nations.

Automotive contracts let by the Department of Munitions and Supply in 1942 totalled \$750,000,000, more than twice the investment and production of the industry in 1938.

More than 50% of the mechanized transport used by the

British 8th Army in Africa was manufactured in Canada. An even higher proportion of the load carrying vehicles used by this Army were made in Canada.

Canada has been producing two types of tanks, the Valentine and the Ram, but in the House of Commons on March 25 Munitions Minister Howe said that "the changing strategy of war has made it evident that we should not undertake further tank production" in the Angus shops in Montreal, where the Valentine tank has been produced, "after the present order is completed." He stated that "orders have been placed for the full capacity of the shop in connection with the escort ship-building program."

More than 900 Canadian-made tanks have been shipped to Russia.

In addition, Canada has sent to the Soviet 2,000 universal carriers, more than 22,000,000 rounds of assorted ammunition, military clothing and supplies and strategic metals and materials.

More than 50,000 persons are employed in Canadian explos-

ives and chemical plants. Creation of this industry has involved capital expenditures of \$140,000,000. Great new plants have been built; chemicals new to Canadian industry are being manufactured and an entirely new industry has been created to fill shells with explosives.

A single ammunition filling plant occupies 450 separate buildings, constructed on an area of more than 5,000 acres. This plant has a recreational centre, a post office, a hospital and a hotel.

The most powerful explosive of the war is being made in Canada.

Canada produced only one type of rifle during the last war and turned out no heavy ordnance. Now, field, naval, anti-aircraft, tank, and anti-tank guns of 12 types, as well as 16 types of carriages and mountings are being made. In addition, 12 types of small arms are produced by Canadian plants.

On March 26 at Hamilton, Ontario, the Canadian Army accepted the 15,000th heavy gun made in Canada. The gun was a Bofors anti-aircraft gun, one of

two types of anti-aircraft ordnance made in the Dominion.

Nearly 50,000 small arms are produced each month in Canada by eight major plants and scores of sub-contracting units. These organizations are working on contracts valued at \$200,000,000.

Monthly production of Bren guns is now more than double that of 1941. Output of Sten carbines reached its planned peak in August, 1942, and the original objective was quadrupled. Original schedules for the No. 4 army rifle, Canadian adaptation of the Lee-Enfield, were doubled and redoubled.

More than 25,000 workers are employed in eight major plants making small arms in Canada. One plant alone, which is the largest small arms plant in the British Empire, employs 16,000 workers.

Synthetic rubber factories are being set up in Canada, and the first of these will be capable of producing the needs of the armed forces by September, 1943.

Canada has obtained delivery of 100 cargo ships since December 21, 1941.

There now are in various stages of production in Canada 157 ships of the 10,000-ton type and 13 of the 4,700-ton class. One 4,700-ton ship was delivered February 15.

All the ships delivered are on commission except those lost at sea.

Listed delivery dates show that from eight to 10 ships have been delivered monthly since June last year.

One 10,000-ton cargo ship built under supervision of gov-

ernment-owned Wartime Merchant Shipping Ltd., has been converted into an oil tanker and four more ships of the same size now are in process of being converted.

Contracts have recently been awarded for three 3,700-ton oil tankers.

In addition to the oil-carrying vessels being provided under the government program, eight or more vessels have been built or converted as oil tankers by private companies since 1939.

Shipbuilding contracts (1st quarter 1940)....	\$50,000,000
"        "        (1st quarter 1943)....	\$1,000,000,000
Shipyards (1st quarter 1940).....	14 large
"        "        "        ".....	14 small
Shipyards (1st quarter 1943).....	21 large
"        "        "        ".....	58 small
Cargo vessel program (10,000 tons).....	300
"        "        (4,700 tons).....	13
Merchant ships delivered.....	100
Combat ships launched.....	300
Corvettes and minesweepers delivered.....	more than 150
Small boat program.....	\$13,000,000

*Following is a comparison of the production of war manufactures in 1942 and 1941 and from September, 1939, to December, 1940:*

	Calendar Year 1942	Sept., 1939 1941	Dec., 1940 (Estimate millions of dollars)
<b>Mechanical transport....</b>	<b>\$404</b>	<b>\$206</b>	<b>\$119</b>
Armoured fighting vehicles, including tanks...	160	22	..
Guns and small arms....	186	22	1
Aircraft, including over-haul.....	235	102	42
Cargo and naval vessels, including repairs.....	274	105	23
Instruments and communication devices....	81	13	3

<b>Gun ammunition, including bombs.....</b>	<b>227</b>	<b>95</b>	<b>14</b>
<b>Small arms ammunition</b>	<b>41</b>	<b>16</b>	<b>2</b>
<b>Chemicals and explosives, including filling..</b>	<b>121</b>	<b>50</b>	<b>2</b>
<b>Miscellaneous military stores, including personal equipment, clothing, etc.....</b>	<b>390</b>	<b>190</b>	<b>97</b>

Capital assistance commitments to Canadian industries by the British and Canadian governments as at December 31, 1942, totalled \$1,723,827,099, of which \$821,042,913 was in fixed capital, and \$902,784,186 in

working capital advances. A summary of the commitments, according to the nature of the industry and the percentage of the commitments expended, to December 31, 1942, follows:

**FIXED CAPITAL**

General munitions.....	\$542,878,407	81.9%
Aircraft.....	75,669,146	61.5
Shipbuilding and ship repairs..	24,126,763	67.7
Government-owned and operated companies (expenditures).....	119,036,041	100.0
Arsenals and other Crown plants and miscellaneous physical property and raw material investments (expenditures) ..	59,332,556	100.0
<b>TOTAL.....</b>	<b>\$821,042,913</b>	<b>—</b>
<b>WORKING CAPITAL ADVANCES....</b>	<b>902,784,186</b>	<b>100.0</b>
<b>GRAND TOTAL.....</b>	<b>\$1,723,827,099</b>	

Percentages of the participation by the two governments in

the fixed capital commitments were as follows:

Canada.....	\$431,108,474	52.5
United Kingdom.....	193,213,360	23.5
Joint.....	196,721,079	24.0
<b>TOTAL.....</b>	<b>\$821,042,913</b>	<b>100.0</b>

The respective shares of the joint commitments are:

Canada.....	\$ 94,419,181	48.0%
United Kingdom.....	102,301,898	52.0

Thus the allocation including the respective shares of the joint commitments, is:

Canada.....	\$525,527,655	64.0%
United Kingdom.....	295,515,258	36.0
TOTAL.....	\$821,042,913	100.0



## SALVAGE

Reports received by head office of National Salvage Campaign in Ottawa from 67% of organizations collecting salvage showed more than 305,221,629 pounds of salvage collected from May 1, 1941, to February 28, 1943.

More than one-quarter of this material consisted of scrap iron, and nearly half was made up of waste paper. More than 21,351,718 pounds of rubber was salvaged.

A fats and bones campaign commenced January 1, 1943, with an objective of at least 40,000,000 pounds to make glycerine for explosives and glue for aircraft. Collection of fats and bones is showing a steady upward trend, and it is hoped collection will eventually average one ounce a person weekly.

Proceeds from the sale of salvage goes to war charity organizations and the auxiliary services of the armed forces. A Crown company, Wartime Salvage Limited, was recently formed to centralize the purchase and distribution of salvaged industrial material.

Collection of salvage materials in the 22 months to February 22, 1943, by provinces, according to reports from 67% of the organizations collecting, was as follows:

Province	Materials Marketed (lbs.)	Lbs. per 1,000 Population
P.E.I.....	2,620,917	27,588
N.S.....	5,727,851	9,909
N.B.....	6,578,804	14,396
Que.....	46,930,194	14,085
Ont.....	159,583,937	42,128
Man.....	32,775,611	44,898
Sask.....	14,449,145	16,126
Alberta.....	15,505,399	19,479
B.C.....	21,049,771	25,733
TOTAL....	305,221,629	26,564

# FOOD

CANADA SUPPLIES the United Kingdom with much of its food. Before the Nazis laid waste Europe, Britain obtained dairy, pork and bacon products from Denmark and the Low Countries. Other foods were imported from Australia, New Zealand and other countries. With most of the trade routes now running through battle areas, Canada is the closest source of food supply.

Large quantities of Canadian fruits, vegetables, honey and cereals have been shipped overseas. Only the most essential foods are sent to Britain, and these are in the most concentrated form.

The Canadian government is conducting research into the dehydration of fruits and vegetables with considerable success. Food in this form saves valuable shipping space and keeps longer. All eggs shipped from Canada to the United Kingdom are in powdered form. As an indication of the shipping space saved:

30 dozen shell eggs require  $2\frac{1}{2}$  cubic ft. of space.

30 dozen powdered eggs required  $\frac{3}{4}$  cu. ft. of space.

A five-oz. package of powder contains one dozen eggs; a 14-lb. package prepared for the catering trade contains 540 eggs.

Canada has contracted to ship 63,000,000 dozen eggs to Britain in the calendar year 1943.

Large quantities of food are purchased in Canada to be shipped to Britain and Canadian prisoners of war.

Canadian production goals for 1943 call for an increase of all field crops except wheat, flaxseed and rye.

The 1942 wheat crop of 592,700,000 bushels is the largest ever produced in this country. A reserve of 750,000,000 bushels of wheat now crams Canadian storehouses to overflowing.

A labour shortage is one of the most serious problems facing farmers. Another factor which adds to the difficulty of meeting demands for increased production is that farm machinery will be available in 1943 only to about 25% of the 1940 tonnage. To help ease this situation, repair parts will be available to an extent of 150% of the quantity distributed in 1940.

# FINANCE

ON MARCH 2 CANADA's fifth wartime budget was brought down in the House of Commons.

Expenditures for war purposes and ordinary government in the year which begins April 1 and ends March 31, 1944, will reach a total of \$5,500,000,000, it is estimated. This is by far the greatest outlay in Canadian history. Of this sum \$3,890,000,000

will be used for the Canadian war machine; \$1,000,000,000 will be given to the United Nations in the form of war supplies, equipment and foodstuffs, and \$610,000,000 will be spent for ordinary government.

Following is a tabulation showing the expenditure and revenue of the Dominion from the year ended March 31, 1940, which included seven months of war, to the year which began April 1:

	1939-40	1940-41	1941-42	1942-43	1943-44
	Millions of Dollars				
				(estimated)	(budget)
War Expenditures:					
Army.....	68	383	511	1,078	1,787
Navy.....	11	88	129	208	489
Air Force.....	33	176	371	627	1,129
Dept. of Munitions and Supply.....	...	80	253	689	166
War Services Dept. ....	2	3	9	12	
Miscellaneous Depts. ....	6	23	73	192	307
U.K. financial assistance (budgetary).....	....	....	....	1,000*	1,000**
<b>TOTAL WAR.....</b>	<b>118</b>	<b>752</b>	<b>1,340</b>	<b>3,803</b>	<b>4,890</b>
Other Govt. Expenditures.....	563	498	545	667	610
<b>TOTAL EXPENDITURES.....</b>	<b>681</b>	<b>1,250</b>	<b>1,885</b>	<b>4,470</b>	<b>5,500</b>
<b>TOTAL REVENUES.....</b>	<b>562</b>	<b>872</b>	<b>1,489</b>	<b>2,208</b>	<b>2,527</b>
Over-all deficit.....	119	378	396	2,262	2,973
Total revenue to total expenditure..	82%	70%	79%	49%	46%
U.K. financial assistance (non-budgetary) *.....	104	361	1,053	....	....

\* Financial assistance in 1942-43 provided for in budget and included in war costs. In previous years assistance was provided outside the budget as it involved investment or debt redemption rather than expenditures.

\*\* Proposed mutual aid bill to provide war supplies, equipment and food to the United Nations.

Four other budgets have been presented to Canadians in this war: in September, 1939; June, 1940; April, 1941; and in June, 1942.

Previous budgets have greatly increased direct and indirect taxes and widened the scope of income tax application. The number of persons paying income tax has increased from 300,000 before the war to more than 2,000,000 at present. Indirect taxes have been raised substantially, and various taxes have been imposed, including the tax on night club entertainments, which now has been raised from 20% to 25%. Minimum rate of tax on corporations is 40% of profits. Rate on excess profits is 100%, of which 20% is refundable after the war.

Net debt of the Dominion Government from March 31, 1939, to March 31, 1944, is as follows:

1944 (est).....	\$9,215,000,000
1943 (est).....	6,307,000,000
1942.....	4,045,000,000
1941.....	3,649,000,000
1940.....	3,271,000,000
1939.....	3,152,000,000

## CONTROLS

MOBILIZATION of Canada's resources for war and the fight against inflationary developments have necessitated great increases in taxation and borrowing, as well as the use of controls such as price control, stabilization of wages and salaries, priorities, rationing and foreign exchange control.

The Wartime Prices and Trade Board was constituted under the War Measures Act, September 3, 1939, "to provide safeguards under war conditions against any undue advancement in the price of food, fuel and other necessities of life, and to ensure an adequate supply and equitable distribution of such commodities."

The responsibility of the Wartime Prices and Trade Board for policing individual prices was broadened in December, 1941, when the Government made the Board responsible for the maintenance of the over-all price ceiling, which was established to prevent inflation.

In the First Great War unchecked price increases imposed severe hardships on Canadians.

By the end of the war prices had risen 57.6% above the pre-war level. In the present war, at the time of the application of the over-all price ceiling, in December, 1941, the cost-of-living index showed a percentage advance of 14.9 above the pre-war level. The December, 1942, index, after 12 months of price ceiling, showed a cost-of-living advance of only 2.6%.

The ceiling was the level of retail prices prevailing in the period between September 15 and October 11, 1941. Certain products, such as perishable commodities, were exempted from the price regulations if not sold directly to consumers.

In order to control volume of purchasing power, as well as prices, both of which would have led to inflation, wages and salaries in Canada were stabilized late in 1941. To adjust wages to wartime price levels, however, every employer, except in a few exempted classes, must pay bonuses to employees below the rank of foreman for each point that the adjusted cost-of-living index (August, 1939 = 100) rises above the level of October, 1941, as announced every three months

by the National War Labour Board. The bonus was increased July 15, 1942, when the adjusted index rose to 117.0. The reduction of prices by the payment of subsidies on butter, milk, tea, coffee and oranges brought the cost-of-living index down from 117.9 in December, 1942, to 116.2 in January, 1943, which is less than one point higher than the July, 1942, index of 117.0. Therefore there was no increase in February, 1943, of the cost-of-living bonus. The bonus payment is as follows: 25c for each point rise in the cost of living for all adult male employees and for all other employees employed at basic wage rates of \$25 or more a week; one per cent of their basic weekly wage rates for male employees under 21 and women workers employed at basic wage rates of less than \$25 a week.

The Wartime Prices and Trade Board and the Wartime Industries Control Board work in close co-ordination. The chairman of each board is a permanent member of the other, and all Controllers are Administrators under the Wartime Prices and Trade Board. The Wartime Industries Control Board con-

trols certain basic materials particularly essential to war activities. It is the responsibility of the Wartime Prices and Trade Board to allocate what is left, as well as to exercise supreme authority in the field of price control and civilian supply.

By diverting constituent materials to war uses, Controllers of the Wartime Industries Control Board have drastically curtailed the manufacture of numerous articles for civilian consumption. The uses to which steel, base metals and chemicals may be put are subject to strict surveillance. Almost the entire supply of silk and natural rubber is being used for military purposes, and the synthetic products now being developed will be used to the same end.

Commitments to Great Britain, the needs of the armed forces, transportation difficulties and shipping losses have necessitated consumer rationing which ensures an equitable distribution of the necessities of living. Each Canadian is entitled to the following rations:

TEA.....one ounce weekly, or

COFFEE.....four ounces weekly.  
(The tea and coffee

ration is not available to children under 12).

SUGAR.....half a pound weekly.  
(plus special seasonal allowance to housewives for canning).

BUTTER.....half a pound weekly.

GASOLINE....a new gasoline rationing plan for car owners, to include every type of automobile vehicle, became effective April 1.

Vehicles are classified as non-commercial or commercial. Non-commercial vehicles are granted 40 coupons (120 gallons a year at the present coupon value) plus, in certain cases, a "special" allowance granted on the basis of proven vocational needs. Retail delivery trucks are limited to not more than 248 to 748 units a year, depending on the weight of the empty vehicle. Ambulances, buses and taxis will be granted only enough to drive the mileage authorized from time to time by the transit controller.

To stabilize the cost-of-living, prices of certain food commodities were lowered in December, 1942, by the reduction of duties and taxes and payment of subsidies. The retail price of tea was reduced by 10 cents a pound; coffee was reduced by 4 cents a pound; retail price of milk by

2 cents a quart and the retail price of oranges was lowered.

The Industrial Division of the Wartime Prices and Trade Board was established to aid industry, first in distributing the price-ceiling squeeze between retailer, wholesaler and manufacturer, and later to eliminate "frills" and help conserve manpower, material and machinery. This division works with National Selective Service and the Department of Munitions and Supply.

The Commodity Prices Stabilization Corporation helps maintain the price ceiling by the payment of subsidies, modification or remission of duties and Government bulk purchasing. Where shipping conditions and dislocation of sources of supply occur, this Corporation makes bulk purchases abroad. Bulk purchases to date include wool, cotton, textile fabrics, currants, coffee, spices, bristles. Subsidies on domestic products include milk and butterfat, leather footwear, canned fruits and vegetables.

## MANPOWER

MORE THAN 33% of all male Canadians between the ages of

19 and 45 have enlisted in the armed forces.

Responsibility for mobilizing and allocating all manpower in Canada rests with National Selective Service, under the Department of Labour. All departments concerned, such as the Department of Munitions and Supply, Agriculture and the armed forces, are co-operating.

Any person between 16 and 65 years of age must register for work if not gainfully occupied for seven consecutive days (full time students, housewives and clergy are not included).

On order of the Minister of Labour and after hearing the parties concerned, a person in an age class designated for the purpose of the military call-up may be compulsorily required to accept alternative employment. No Canadian employer or employee can make any employment arrangement without first obtaining authority of the local office of National Selective Service, unless the parties involved are specially excepted under the regulations. All employment advertising is controlled.

To prevent labour hoarding, employers must notify the em-

ployment service of any surplus workers in their employ.

With certain exceptions, an employee has to submit his resignation seven days prior to leaving his job. An employer similarly must conform to this regulation. A copy of the written notice must be forwarded to the local employment office. The employee is then given a separation slip and no employer can interview a prospective employee unless the applicant has a permit to look for employment from an employment office. No permits will be granted by this office unless the applicant has a separation slip, or can prove that a separation slip was not necessary on leaving his former employment.

Labour priorities, in which industries as a whole and selected firms, are classified as having very high, high, low or no labour priority, give National Selective Service offices a yardstick by which to gauge the importance of labour requirements.

Advisory Board advises the Director of National Selective Service with reference to the utilization of manpower in the prosecution of the war and the administration and enforcement of National Selective Service regulations.

Persons normally employed in agriculture may now accept employment without permit in another industry only to a total of 60 days in a year (formerly 30 days at a time) and then only outside towns and cities with more than 5,000 population.

Special measures have been taken to meet labour shortages in various industries engaged in war activities. Farmers were induced by various means to work in the bush during the winter months to meet shortages of lumber. Coal miners in the armed forces have been released in some cases to work in mines. Gold miners were transferred from gold to base metals mines. Manpower released through curtailment in the pulp and paper industry has been moved into aluminum production. Many similar movements of manpower have been made.

On February 26, 1943, Honourable Humphrey Mitchell, Minister of Labour, announced a farm labour policy for 1943. Greater care will be exercised to ensure that postponement will be granted to essential agricultural workers. Steps are being taken to cause agricultural workers who had left the industry during the winter to return to the farm directly they are needed. Dominion-Provincial agreements will be concluded to give financial assistance to the provinces to recruit and transport farm labour. Possibilities of utilizing the services of prisoners of war, civilian internees, Japanese, and some treaty Indians from reserves for farm work this year are being fully explored. Men rejected as medically unfit under the military call-up and workers in non-essential industries will be considered as available for transfer to farm work. The services of women for driving farm equipment will be used.

The Dominion Government, under the Wartime Emergency Training Program, has trained the following workers and service personnel from inauguration of the program to the end of February, 1943:

#### NATURE OF TRAINING

	Number enrolled
Industrial pre-employment	
Men.....	68,458
Women.....	21,194
Part time industrial	
Men.....	17,178
Women.....	3,154
Servicemen's rehabilitation...	1,117
Plant schools	
Men.....	4,864
Women.....	4,408
Armed forces.....	69,576
<b>TOTAL.....</b>	<b>189,949</b>

In addition, the Department of Labour is promoting and, in some cases, helping to finance training in industry by plant schools. It is believed the number of workers given special training by industry itself approximately equals the number trained in the vocational classes of the Training Program.

The Wartime Bureau of Technical Personnel was established on February 12, 1941, in co-operation with major technical and engineering groups, to organize technical personnel for war production. Scientific and technical personnel must be employed through or with the approval of the Bureau.

National Selective Service is also responsible for the call-up of men for compulsory military training. Under National Select-

tive Service Mobilization Regulations men, single or childless widowers at July 15, 1940, from the ages of 19 to 45 inclusive, and medically fit, are liable for military service. So far only men born between 1902 and 1924 inclusive (who have reached the age of 19) are being called. On December 15, 1943, it was announced married men between the ages of 19 and 25 would be called up.

Under the recent military call-up Proclamation, requiring that every single man who had not previously been notified to appear for medical examination register by March 31, over 100,000 single men have been registered.

Postponement of military service is usually granted to men engaged in essential industries as has been mentioned already in the case of agriculture.

#### ***National War Labour Board***

The National War Labour Board, appointed October 24, 1941, to adjust labour problems, was recast February 11, 1943, as an industrial court, with a membership of three: a chairman, a representative of em-

ployees and a representative of employers, instead of the original 12. The former board members will act in an advisory capacity. Sittings of the National War Labour Board are now open to the press.

## **CANADA-U. S. CO-OPERATION**

IN THE FIELDS OF DEFENCE, economics and war production Canada and the United States have joined forces through the following committees:

Permanent Joint Board on Defence  
Materials Co-ordinating Committee  
Joint Economic Committees  
Joint War Production Committee  
Joint Agricultural Committee

Canada is also a member of the Combined Resources and Production Board with Great Britain and the United States.

On August 17, 1940, at Ogdensburg, New York, Canada and the United States signed the agreement on which co-operation in defence is based.

Recommendations of the Defence Board have resulted in the construction of the chain of air bases between Edmonton and Alaska and the Alaska Highway. The air bases, built by Canada,

were opened to traffic in September, 1941. The opening of the airway proved of great assistance in the construction of the Alaska Highway, which was built by the United States with the co-operation of the Canadian Government. This 1,600-mile highway was opened November 20, 1942. Traffic now moving on the road is carrying supplies for further construction and improvement. During the coming summer, with a working force of 7,000 to 8,000 men, it is expected to finish making the road an all-weather job, with a gravel surface and bridges to withstand the spring floods.

Establishment of the Materials Co-ordinating Committee was announced May 1, 1941. Through sub-committees on forest products, copper, zinc and ferro—alloys, the movement of primary materials between the two countries is promoted, available supplies are increased, and information exchanged on raw material stocks, production and consumption in the United States and Canada.

The Joint Economic Committees were formed in June, 1941, to act in an advisory capacity to

the governments at Ottawa and Washington on foreign exchange control, economic controls, price policies, tariffs and duties and post-war planning.

At Hyde Park, April 20, 1941, the Prime Minister of Canada and the President of the United States agreed "as a general principle that in mobilizing the resources of this continent, each country should provide the other with the defence articles which it is best able to produce, and, above all, produce quickly, and that production programs should be co-ordinated to this end." According to what is known as the Hyde Park Declaration, the United States agreed to buy enough Canadian products to enable Canada to pay for essential imports from the United States.

This measure has proved effective, and Canada now is paying to a large extent for imports by the sale of war supplies to the United States. Canada does not use lend-lease accommodation utilized by other United Nations.

There has been no relaxation in foreign exchange control, which prevents Canadians from obtaining United States currency in Canada for pleasure travelling in the United States. The need

for United States currency for purchase from the United States of vital war goods remains great.

Formation of the Joint War Production Committee was announced November 5, 1941. The duty of this committee is to reduce duplication, arrange uniform specifications and quick exchanges of supplies, break transportation bottlenecks and exchange information. Ten technical sub-committees carry out the work of the committee.

The Joint Agricultural Committee was set up in March, 1943, to keep agricultural and food production and distribution in Canada and the United States under continuing review in order to further such developments as may be desirable in reference to those phases of wartime agricultural and food programs that are of concern to both countries. Reports and recommendations of the committee go to the Canadian Minister of Agriculture and to the United States Secretary of Agriculture.

To co-ordinate policies of food production, and to supervise the preparation of information on Canada's food position, the Government has set up the Food Re-

quirements Committee, which works closely with the Combined Food Board of the United Kingdom and the United States.

In 1940 the pre-war capacity for the production of aluminum in Canada was expanded 4.35 times, from 100,000,000 pounds of aluminum a year to 435,000,000 pounds. By the middle of 1941 demands were for 1,623,500,000 pounds of aluminum, of which 80% was applied for by the United States. Three-quarters of the balance was applied for by the United Kingdom, and one-quarter by the government of Australia. The obligations have been fulfilled.

Valuable ore deposits at Steep Rock Iron Mines in Ontario are being developed, and it is anticipated that production will begin in August, 1944.

Canada is manufacturing \$1,000,000,000 of war material and equipment for the United States.

In actual military operations Canadian and United States forces have served jointly in Newfoundland, Iceland and Alaska.

R.C.A.F. units are fighting alongside United States air units in Alaska, Newfoundland and Labrador.

Canadian navigators, air gunners and wireless operators are serving temporarily in the United States Army Air Corps.

Canadian soldiers are teamed with United States troops in a Special Service Force. This combined group will provide the nucleus of a force for unified op-

eration in any defensive or offensive operation.

The Special Service Force troops are given instruction in the use of parachutes, marine landings and mountain and desert warfare.

Canadian paratroops are trained at the large United States school at Fort Benning, Georgia. United States troops are using Camp Shilo, Manitoba, as a winter experimental proving ground.



**Citation on Award of Distinguished Flying Medal to Flight Sergeant R. E. MacFarlane, Chilliwack, B.C.**

“One night in January, 1943, Flight Sergeant MacFarlane was captain of an aircraft which was attacked by three Junkers 88's when returning from an operational sortie. The mid-upper gunner was killed, the rear gunner severely wounded and the aircraft was badly damaged. Flight Sergeant MacFarlane took violent evasive action and succeeded in shaking off the enemy aircraft. Shortly afterwards the bomber was held by searchlights and engaged by intense anti-aircraft fire and height was lost down to 4,000 feet, in avoiding further damage. Soon afterwards a formation of five hostile fighters was sighted but when they attempted to attack Flight Sergeant MacFarlane skilfully evaded them by masterly airmanship. This airman extricated his aircraft from a perilous situation and flew it safely back to this country (England).”

## MARCH HIGHLIGHTS

March 1. Canadian Red Cross campaign for \$10,000,000 commences.

March 2. Finance Minister Ilsley presents the budget, placing income tax payments on a pay-as-you-owe basis, and levying certain higher indirect taxes.

The Department of Munitions and Supply reports that about 85% of the rubber now being consumed in Canada goes to direct war purposes, and that synthetic rubber will come into production late in 1943.

March 4. The Dominion Bureau of Statistics announces a drop of one-fifth of a point in the official cost-of-living index from January 1 to February 1, 1943, from 117.1 to 116.9.

Allocation of civil air transport routes crossing the Canada-United States border has been fixed for the duration of the war as it stood in 1940.

Prime Minister King tells the House the Government has been in consultation for some time with the United Kingdom government on matters relating to relief of persecuted races in Europe.

March 6. Prime Minister Churchill in a message to Prime Minister King says that when victory is won Canada "will be able to look back with just pride upon a record surpassed by none."

March 8. Navy Minister Macdonald announces sinking of the second Canadian corvette, H.M.C.S. *Weyburn*, in Mediterranean waters, with loss of seven lives.

March 10. Air Minister Power announces 47 attacks have been made on enemy submarines in the last 16 months by R.C.A.F. aircraft of Canada's home war establishment.

The Dominion Bureau of Statistics says a reduction of 1½% in employment at January 1, as compared with December 1, was the smallest contraction during December shown in records which extend back 23 years.

March 11. Labor Minister Mitchell announces the re-constitution of the National Selective Service Advisory Board to advise the director of National Selective Service with reference to the utilization of manpower and to the administration and enforcement of N.S.S. regulations.

March 12. By an order-in-council published in Canadian War Orders and Regulations the Government is provided authority to send men called for compulsory service to Jamaica, Labrador or Newfoundland.

L. S. Amery, British Secretary of State for India, says Canada has donated to the United Kingdom money equivalent to the cost of the South African war.

March 13. Naval Service Headquarters announces the Canadian corvette *Regina* sank an Italian submarine in the Mediterranean, and 20 of the sub's crew were taken prisoner.

March 14. Gordon Graydon, House Opposition leader, elected president of the Progressive Conservative Association of Canada.

March 15. The annual report of the Ontario Liquor Control Board for the fiscal year ended March 31, 1942, shows total sales of spirits, wine and beer for the 12 months of \$81,487,805, compared with \$64,083,560 in 1940-41.

The United States agriculture department announces the establishment of "the standing Agricultural Committee of Canada and the United States" to help co-ordinate policies on production and distribution of foodstuffs.

## MARCH HIGHLIGHTS—*Continued*

March 16. Draft health insurance bills, a report on health insurance and a social security plan for Canada presented by Pensions Minister Mackenzie at the first meeting of the Select House Committee on Social Security.

March 17. Finance Minister Ilsley announces that \$1,100,000,000 is to be asked for in the Fourth Victory Loan, which opens April 26, individual subscribers being asked to contribute \$500,000,000. The Dominion Bureau of Statistics reports an increase in applications for benefits under the Unemployment Insurance Act in January, with a total of 4,637 being the highest for any month since the commencement of benefit payments in February, 1942.

March 18. Navy Minister Macdonald announces only three of every 1,000 tons of shipping moving through the Gulf of St. Lawrence has been sunk. Since war commenced agriculture has lost approximately 400,000 men, states Arthur MacNamara, deputy minister of labour and director of National Selective Service, in announcing plans to move about 200,000 experienced farmers working in other industries back to the farms.

March 19. Prime Minister King states the Government stands by the statement of Canada's foreign policy which he enunciated in 1938—a policy of "peace and friendliness."

March 22. Capital invested by the Department of Munitions and Supply in war industry and government-owned companies totalled \$525,527,655 to end of 1942, according to a return tabled by Munitions Minister Howe. During the same period the British Government invested \$295,515,258 in these industries. In addition, working capital of \$902,784,166 has been advanced jointly by the British and Canadian governments.

Arthur MacNamara, Director of National Selective Service, announces medical revision boards, under jurisdiction of the Army, are re-examining a number of men in age groups subject to military call-up who previously were placed in medical categories below those usually acceptable for army purposes. About 30,000 men have been re-examined and 120,000 more will be re-examined.

March 23. National defence headquarters announces men barred from joining the army because of certain disabilities may be enlisted under a plan to cure "remediable defects."

March 23. Sir Edward Beatty, 65, who resigned a year ago as president of the Canadian Pacific Railway Company, died.

March 24. Trans-Canada Air Lines is giving consideration of plans for oceanic and international flying, states annual report for 1942, tabled by Munitions Minister Howe.

March 26. The National War Labour Board announces the by-laws of the board have been amended to establish a right of appeal to the board from decisions or orders of regional boards.

March 29. Slightly less than 18% of Canada's known water power resources are developed, reports Department of Mines and Resources in its annual survey. The Canadian National Railways paid the Government a cash surplus of \$25,063,268 on 1942 operations, after attaining a record gross revenue of \$375,654,543, shows the annual report tabled in the House by the Minister of Transport.

March 30. British Foreign Secretary, Rt. Hon. Anthony Eden, arrives in Ottawa, after conferring with the United States Government for two weeks.

*Issued by Wartime Information Board*

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OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
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